

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-05 H-02 INR-07
L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15
USIA-15 AID-05 COME-00 EB-08 FRB-01 TRSE-00
XMB-04 OPIC-06 LAB-04 SIL-01 OMB-01 /100 W
-----051673 120823Z /12

R 111557Z OCT 77
FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC 1971
INFO AMEMBASSY COPENHAGEN
AMEMBASSY HELSINKI
AMEMBASSY OSLO
AMEMBASSY REYKJAVIK

UNCLAS SECTION 1 OF 2 STOCKHOLM 4350

E.O. 11652: N/A
TAGS: ELAB, SW
SUBJECT: GOVERNMENT EMPLOYMENT PACKAGE INTRODUCED

REF: STOCKHOLM 4050

1. AS POINTED OUT IN REFTTEL, THERE IS GENERAL AGREEMENT WITHIN THE SWEDISH LABOR MARKET THAT UNEMPLOYMENT, PARTICULARLY YOUTH UNEMPLOYMENT, WILL VERY LIKELY INCREASE THROUGH THE COMING WINTER AND SPRING. IN THE ABSENCE OF AFFIRMATIVE ACTION BY THE GOVERNMENT, IT IS LIKELY THAT THE AUGUST 1977 FIGURE OF 89,000 OFFICIALLY UNEMPLOYED, OR 2.1 PERCENT OF THE LABOR FORCE, WOULD PERHAPS INCREASE BY HALF. SUCH AFFIRMATIVE ACTION HAS NOW BEEN INITIATED WITH THE ANNOUNCEMENT ON OCTOBER 4 BY MINISTER OF LABOR PER AHLMARK OF AN EMPLOYMENT PACKAGE, TO INVOLVE ADDITIONAL GOVERNMENT EXPENDITURE OF TWO BILLION CROWNS (\$417 MILLION), DESIGNED TO PROVIDE EITHER JOBS OR EDUCATIONAL TRAINING OPPORTUNITIES TO 30,000 PEOPLE OVER THE NEXT SIX MONTHS.

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2. APPROXIMATELY 900 MILLION CROWNS (\$188 MILLION) OF THE TWO BILLION CROWN FIGURE WILL BE DEVOTED TO FINANCING PUBLIC WORKS PROJECTS OF WHICH 300 MILLION WILL BE USED FOR ROAD CONSTRUCTION, PARTICULARLY IN THE HARD-HIT NORBATHEN PROVINCE. ABOUT 450 MILLION CROWNS (\$94 MILLION) WILL BE DEVOTED TO ADDITIONAL LABOR MARKET EDUCATIONAL PROJECTS WHILE ANOTHER 400 MILLION CROWNS (\$83.5 MILLION)

WILL BE SPENT ON EARLIER-THAN-USUAL STATE ORDERS FROM INDUSTRY.

3. AHLMARK'S PACKAGE IN ESSENCE IS A 10-POINT PROGRAM WHICH CAN BE BROKEN DOWN AS FOLLOWS:

(A) EMPLOYMENT EXCHANGE OFFICES WILL RECEIVE ANOTHER 150 TRAINEE POSITIONS WHICH WILL PERMIT MORE EXPERIENCED EMPLOYMENT EXCHANGE OFFICERS TO ENGAGE IN SPECIAL EFFORTS FOR UNEMPLOYED YOUTHS.

(B) SIXTEEN THOUSAND NEW OPENINGS WILL BE CREATED WITHIN THE LABOR MARKET EDUCATION PROGRAM. TWELVE THOUSAND OPENINGS WILL BE CREATED BY UTILIZING EXISTING PROGRAM MORE EFFECTIVELY. TEMPORARY PREMISES WILL BE RENTED AND THE STATE WILL BUY EDUCATIONAL RESOURCES FROM COMPANIES. FOUR THOUSAND YOUTHS WILL BE OFFERED ONE-YEAR VOCATIONAL TRAINING WITHIN PRIVATE INDUSTRY AT THE STATE'S EXPENSE.

(C) THE EDUCATIONAL ALLOWANCE FOR YOUTHS UNDER 20 WILL BE RAISED BY KR. 5 TO KR. 60 PER DAY. FOR ADULTS AND YOUTHS ENTITLED TO UNEMPLOYMENT INSURANCE BENEFITS, THE EDUCATIONAL ALLOWANCE IS RAISED TO BETWEEN KR. 135 AND 175 PER DAY.

(D) THE 25-KRONER PROGRAM IS EXTENDED TO JULY 1, 1978, AND BROADENED. COMPANIES WHICH TRAIN OR EDUCATE EMPLOYEES INSTEAD OF LAYING THEM OFF WILL RECEIVE A CONTRIBUTION OF KR. 25 PER HOUR FOR UP TO 480 HOURS OF VOCATIONALLY DIRECTED TRAINING OR EDUCATION.

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(3) COMPANIES WHICH TRAIN OR EDUCATE ONE OF THEIR EMPLOYEES AND AT THE SAME TIME HIRE A PERSON BELOW THE AGE OF 25 MAY RECEIVE A CONTRIBUTION OF KR. 25 PER PUPIL PER HOUR IN TRAINING OR EDUCATION DURING THE FIRST SIX MONTHS. THIS IS AN INCREASE FROM KR. 19 PER HOUR.

(F) ANOTHER 900 MILLION KRONER WILL BE SPENT ON RELIEF WORK, OF WHICH 300 MILLION IS RESERVED FOR ROAD CONSTRUCTION.

(G) THE SPECIAL YOUTH EMPLOYMENT MEASURES, IN THE FORM OF RELIEF WORK PROJECTS, WILL BE EXTENDED TO JULY 1, 1978, AND IMPROVED ON SOME POINTS:

(1) MORE TRAINEE POSITIONS WILL BE ARRANGED WITH STATE AUTHORITIES.

(2) MUNICIPALITIES AND COUNTY COUNCILS WILL RECEIVE A 75 PERCENT STATE CONTRIBUTION TO RELIEF WORK PROJECTS WITHIN THE SERVICE AND SECTORS. THE COST LIMITE PER MAN-DAY IS RAISED FROM 300 TO KR. 350.

(3) PRIVATE COMPANIES WHICH ARRANGE RELIEF WORK FOR YOUTHS WILL RECEIVE KR. 15 PER JOB PER HOUR DURING THE FIRST SIX MONTHS. AT PRESENT THIS CONTRIBUTION AMOUNTS TO KR. 10.

(H) THE EMPLOYMENT CONTRIBUTION NOW PAID TO THE EXTENT OF 75 PERCENT OF THE WAGE BILL TO COMPANIES WHICH POSTPONE PERSONNEL REDUCTIONS IS EXTENDED TO JULY 1, 1978. THE CONTRIBUTION IS BASED ON THE WAGE BILL FOR EXCESS PERSONNEL.

(I) STATE INDUSTRIAL ORDERS TO A TOTAL OF KR. 180 MILLION WILL BE MADE EARLIER THAN PLANNED. STATE CONTRIBUTIONS OF 20 PERCENT WILL BE PAID FOR MUNICIPAL INDUSTRIAL ORDERS MADE EARLIER THAN PLANNED, UP TO A MAXIMUM OF KR. 200 MILLION.

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(J) STATE CONSTRUCTION PROJECTS TO A VALUE OF KR. 180 MILLION WILL BE BEGUN EARLIER THAN PLANNED.

4. COMMENT: THIS YEAR'S EMPLOYMENT PACKAGE IS EXPECTED TO BE APPROVED BY THE RIKSDAG. IN CONTENT, IT DIFFERS LITTLE FROM PREVIOUS EXTRAORDINARY EMPLOYMENT SAFEGUARD MEASURES AND, AS THE SOCIAL DEMOCRATS POINT OUT, THE AHLMARKIAN PACKAGE IS REALLY A CONTINUATION OF SDP LABOR MARKET POLICIES. NEVERTHELESS, ITS INTRODUCTION EFFECTIVELY KILLS SDP-LO CARPING THAT THE FALLDIN REGIME IS NEGLECTING THE UNEMPLOYED OR--WHAT WOULD BE INFINITELY WORSE FOR ANY SWEDISH GOVERNMENT--IS ACCEPTING HIGH RATES OF UNEMPLOYMENT. FIGURED MOST SIMPLY, EACH OF THE 30,000 JOBS SAVED WILL COST 70,000 CROWNS (\$14,600.00) BUT BECAUSE IT IS A SIX-MONTHS PROGRAM, THE COST PER JOB FIGURED ON AN ANNUAL BASIS IS 140,000 CROWNS OR

\$29,200.00. IT IS A QUESTION WHETHER EVEN WEALTHY
SWEDEN, NOW PASSING THROUGH RELATIVELY SEVERE ECONOMIC
DIFFICULTIES, WILL BE ABLE TO AFFORD MUCH LONGER THIS
LEVEL OF SUBSIDIES. BUT THIS NON-SOCIALIST GOVERNMENT
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WILL KEEP TRYING. IT MOST PROBABLY AGREES WITH THE
OBSERVATION BROUGHT TO THE EMBASSY'S ATTENTION RECENTLY
THAT ANY SWEDISH GOVERNMENT WHICH WOULD PERMIT OFFICIAL
UNEMPLOYMENT TO REACH 3 PERCENT (ABOUT 120,000 PERSONS)
WOULD FALL FORTHWITH.
KENNEDY-MINOTT

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